

Independent Auditors' Report

SUPERINTENDENT, CITY OF SEATTLE—CITY LIGHT DEPARTMENT

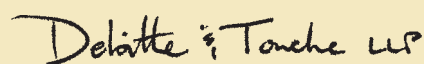
Seattle, Washington

We have audited the accompanying balance sheets of the City of Seattle—City Light Department (the Department) as of December 31, 2001 and 2000, and the related statements of operations and changes in retained earnings and of cash flows for the years then ended. These financial statements are the responsibility of the Department's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Department as of December 31, 2001 and 2000, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the Department was required to adopt Statement of Financial Accounting Standards (SFAS) No. 133, Accounting for Derivative Instruments and Hedging Activities, SFAS No. 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities an amendment of FASB Statement No. 133, and Governmental Accounting Standards Board No. 33, Accounting and Financial Reporting for Nonexchange Transactions, effective January 1, 2001.

The logo for Deloitte & Touche LLP, featuring the firm's name in a stylized, handwritten-style font.

Deloitte & Touche LLP

Seattle, Washington

March 29, 2002